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COUNTRY: Brazil

SUBJECT: Banker's Comments on the
Coffee Crop

DATE

27 Jul 53

25X1A8a

PLACE ACQUIRED:
(BY SOURCE)

25X1X6

Supplement to:

Responsive to:

DATE ACQUIRED:
(BY SOURCE)

DATE (OF INFO): 1 Jun 53

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1.

The Sociedade Rural Brasileira publishes the following estimate of the next coffee crop in the State of Sao Paulo:

| Railroad Zones | Million Trees in Production | Average Production (a) | Production in 1000 Bags | Cost in Cr\$ per 1000 Trees |
|-----------------|-----------------------------------|------------------------------|-------------------------------|-----------------------------------|
| Paulista | 225 | 40 | 2,210 | 7,600 |
| Sorocabana | 176 | 32.5 | 1,436 | 7,300 |
| Araraquata | 159 | 34 | 1,296 | 7,100 |
| Noroeste | 198 | 27 | 1,300 | 7,500 |
| Mogiana | 180 | 20 | 906 | 6,300 |
| Dourado | 70 | 29 | 492 | 6,600 |
| Sao Paulo-Goyas | 19 | 31 | 147 | 6,500 |
| Santos Jundiai | 20 | 16 | 70 | 5,500 |
| Barra Bonita | 7 | 30 | 47 | 5,450 |
| Sao Paulo-Minas | 4 | 23 | 23 | 5,200 |
| Central | 6 | 13 | 16 | 4,200 |
| Morro Agudo | 2 | 24 | 14 | 5,100 |
| Monte Alto | 3 | 16 | 9 | 4,800 |
| Itatibana | 2 | 16 | 5 | 4,600 |
| | <u>1,071</u> | <u>29</u> | <u>7,971</u> | <u>7,000</u> |

(a) arrobas of 15 kilos per 1000 trees.

2. It is expected that 54% of the crop will be fine coffees, 40% Rio type and 6% "escolhas."

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3. Internal consumption in the States is estimated at 1,350,000 bags, of which 486,000 in the Capital (11.6 k per head), and 864,000 in the Interior (7.40). That would leave approximately 6,500,000 bags for export.
4. If the figures of an average cost of production of Cr\$ 7,000 per 1000 trees, and average production of 29 arrobes per 1000 trees, are correct, the cost per bag, interest excluded, would be over Cr\$ 960.00, not much below the market price in the Interior, and the profit of the planter, in the State of Sao Paulo, would not cover interest. The figures as given above may, however, be biased to a certain extent.
5. A local coffee exporter, questioning the exclusion of coffee from the free export list, recently applied to the courts to pronounce its unconstitutionality. The Judge, in view of the importance of the matter involved, decided to suspend preliminarily the act in question until sufficient information is received from the Fiscalizacao. This means that the one hundred coffee bags, to which the suit applies, may be exported on the free market, but implies no judgment as to the constitutionality of the law.
6. The news evidently caused some sensation. The Minister of Finance immediately declared that he does not believe that the Court would declare law 1807 unconstitutional, and that, "on the other hand, the Government has, in the administrative sphere, elements to avoid such most grievous damage to the national interests."

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